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Allied-Lyons bags Dunkin' for $325 million

UK firm already owns Baskin

by Peter Romeo

RANDOLPH, Mass. — Allied-Lyons, the London-based operator of the Baskin-Robbins ice-cream chain, is adding a huge new slice to its snack-shop holdings by acquiring Dunkin' Donuts for $47.25 in cash per share, or $325 million in total.

Dunkin' has conditionally accepted the bid, which surpasses a long-standing, hostile stock tender offer from DD Acquisition Corp., a partnership of two Toronto-based concerns.

DD, which was formed by Kingsbridge Capital Corp. and restaurant powerhouse Cara Operations, had been offering $45 for Dunkin' shares.

The unwanted suitor had amassed 44.8 percent of the doughnut maker's stock at the time that Allied-Lyon's offer was accepted.

Robert Rosenberg, Dunkin's chairman and the son of the chain's founder, said the company was "delighted" with the deal. He called it "a transaction that is in the best interest of Dunkin' Donuts and its shareholders, franchisees, employees, customers and suppliers."

DUNKIN' DONUTS

Throughout Dunkin's effort to elude DD, the company had been closely allied with the doughnut chain's franchisees, who had expressed misgivings about the prospect of a takeover by DD.

Some licensees had acquired blocks of stock to keep the shares from falling into DD's hands. At one point the company disclosed that Dunkin's franchise community had offered to team up with management to attempt a leveraged buyout of the company.

Attempts to contact a DD spokesman were unsuccessful.

The agreement between Allied-Lyons and Dunkin' is contingent on the buyer's ability to acquire at least 75 percent of Dunkin's total shares. In disclosing the terms, Dunkin' noted that

*(See **DUNKIN'**, page 67)*

John M. Cranor

Cranor answers KFC critics

by Milford Prewitt

LOUISVILLE, Ky. — With a bitter franchise contract dispute threatening to stifle the Kentucky Fried Chicken system, KFC chief executive John M. Cranor said he would meet with the chain's franchisee leaders to defend the controversial proposal.

In an exclusive interview with Nation's Restaurant News, Cranor disclosed that he would meet here with the franchisees Nov. 29 to explain certain contract provisions, some of which have sunk Louisville's relationship with its franchisees to one of the lowest levels in memory.

*(See **KFC**, page 67)*

Price, health prompt new menu formats

by Peter Romeo

In an attempt to merchandise familiar products more effectively, a number of restaurant chains are reorganizing their menus to help patrons quickly spot their preferences.

In most cases the reshufflings are intended to convince patrons that they can find plenty of the low-priced and healthful selections that they might have been seeking elsewhere.

For instance, Wendy's, the 3,800-unit burger behemoth, and Del Taco, a 146-unit Mexican fast-food chain, have both recently bunched their inexpensive offerings together to form distinct economy menus with everything priced at 99 cents. The lists of bargains are being waved at consumers who bestow their dining-out dollars on whatever place offers the best deal.

"It's a strategy to improve our price-value perception," Wendy's spokesman Denny Lynch said of the chain's new Super Value Menu, which is being spotlighted in a national advertising campaign.

Wendy's Super Value Menu
(All items priced at 99 cents)

Junior Bacon Cheeseburger
Garden salad
Baked potato
Chili (8-ounce serving)
'Biggie' fries (6-ounce serving)
'Biggie' soft drink (32 ounce)
Frosty frozen treat (16 ounce)

Company units offer these seven items. Franchisees are advised to feature seven but have the option of showcasing five or nine.

Source: Company reports.

Skipper's, a 215-unit regional quick-service seafood chain, has paired salads with fish and chicken entrées to form a new "lite" menu-within-a-menu.

"We wanted to show customers that we were as concerned as they were about nutrition and that they could find light things on our menu," said Joan Collins Corey, Skipper's spokeswoman. She not-

*(See **CHAINS**, page 66)*

INSIDE

Minimum-wage bill deserves support
Charles Bernstein/Page 23

Contractors add variety to company cafes
Focus/Page 27

Operators pop their corks
Mort Hochstein/Page 49

Operators stock between smoke and a hot place
Jack Hayes/Page 38

Marriott brakes Allie's growth

Will project be abandoned?

by Richard Martin

BETHESDA, Md. — Marriott Corp. has dramatically slowed the planned expansion of Allie's and partly withdrawn the featured hot-food bar that anchors the 34-unit test concept.

Changes in the Allie's rollout and unconfirmed reports of defections by some executives involved in the project have fueled speculation in the industry that Marriott will scuttle its ambitious plan for a nationwide chain of the upscale family restaurants.

Marriott officials declined to comment on the reports, but a spokesman reasserted the company's intention to proceed with conversions of its hundreds of coffee shops to the full-service Allie's format.

Meanwhile, unofficial reports are emanating from within the Marriott organization that the company is seeking a buyer for its 600-unit Roy Rogers fast-food chain. Marriott's refusal to discuss those reports has not defused the conclusions of some industry insiders.

"Marriott is going to be getting out of the public-restaurant side of the business," predicted a

*(See **MARRIOTT**, page 67)*

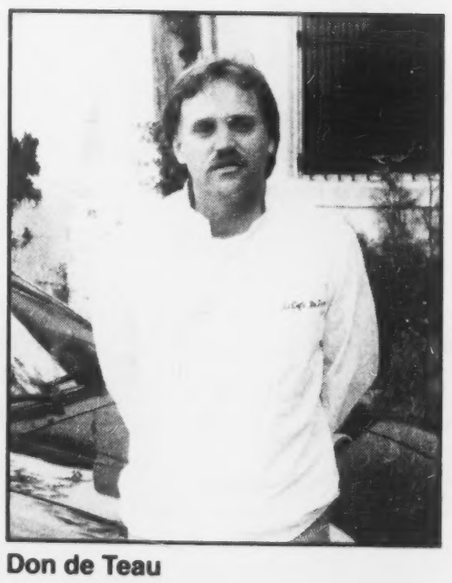
Don du Teau merges casual and fine dining

by Jack Hayes

AUGUSTA, Ga. — A self-taught culinarian who turned his folksy vegetarian cafe into a gourmet tablecloth destination five years ago is returning to the world of casual dining, but this time he's going only halfway.

Convinced that he can reinforce his fine-dining niche with a less formal, less expensive wine-and-appetizer format — in a different room under the same roof — restaurateur Don du Teau is following other operators across the nation who have already made the same move.

Such operations include Biba, a hot Boston establishment mixing upstairs full courses with downstairs wine and appetizers, and Lautrec in Sacramento, Calif.,



Don de Teau

which opened its Le Bistro room

*(See **LE CAFE DU TEAU**, page 66)*

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NRN HOT LINE

What do you think of NRN's new look?

Nation's Restaurant News maintains a toll-free, 24-hour telephone line to gather feedback from its readers.

This week we are soliciting opinions on our new look. We want to know what *you* think, pro and con, about our new graphics and typography.

When you call the NRN Hot Line, an answering machine will ask for your opinion. If you like, you may leave your name and phone number so that we can confirm your statement for publication.

Call the NRN Hot Line: 1 (800) 678-7711.

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Vol. 23, No. 48 November 27, 1989

NEWS BRIEFS

Craig tapped to oversee KFC home delivery

LOUISVILLE, Ky. — Kentucky Fried Chicken has disclosed that Kyle Craig, the former head of S & A Restaurant Corp. and a one-time high-ranking executive at Burger King, has been tapped to spearhead the chain's entry into home delivery,

Craig is also serving as a restaurant adviser to Wayne Calloway, chairman and chief executive of KFC's parent company, Pepsico Inc.

"He is president of home delivery," said John Cranor, KFC's president and chief executive. "We really don't have a position like that as such, but he's going to help us figure out how to run home delivery. He's like an ambassador without portfolio but reports to Wayne Calloway as an adviser on restaurants."

Craig had been one of Pillsbury Co.'s higest-profile executives, having held top executive positions in the company's Burger King division, Quick Wok and S & A Restaurants Corp. The company was acquired early this year by Grand Metropolitan PLC.

Pantera's tags 150 Pizza Inns for divestiture

DALLAS — Pantera's Corp., operator of the ailing Pizza Inns chain, said it has shuttered or sold 40 of its pizzerias and may sell or franchise most of the remaining 150 company-operated units within the next 18 months.

The company explained that it plans to retract from restaurant management to concentrate on franchising and food distribution. It has been operating under the protection of a bankruptcy court since September.

Negotiations are already under way to sell 10 additional company stores, and sale signs may be posted soon on an additional 15 to 20, the company said. Pantera's franchises some 400 units.

NY ready to pounce on tax dodgers

NEW YORK — Authorities are poised to nab a number of restaurateurs here who routinely skim profits to avoid paying higher income taxes, city officials have warned.

Among the offenders are several of the city's best-known dining establishments, according to finance commissioner Anthony Shorris. However, civic officers would not identify the alleged culprits.

The city said it would also offer rewards to restaurant employees who inform authorities about employers who routinely pocket customers' cash payments.

At a press conference officials said that restaurants pocketing cash receipts would be billed for a total of $6 billion in overdue taxes on unreported income. Individual assessments could range as high as $250,000, Shorris said.

Mayor Ed Koch indicated he would seek to send the transgressors to jail.

Flame-broiled chicken item set for BK

MIAMI — Burger King is preparing to roll out a flame-broiled chicken sandwich after testing the product for two months in San Diego, Calif., and Greensboro, N.C., according to reliable sources.

Burger King confirmed that the product test is under way but denied a rollout is imminent. The sources said Burger King has not yet named the item.

The 360-calorie, all-white-meat sandwich is topped with lettuce, tomato and ranch dressing and is served on an oat bran bun. The item is priced at $2.59 or $2.09 when discounted.

The test has been supported with television ads produced by Saatchi & Saatchi Advertising and UniWorld Group Inc.

Ryan's licensee considers sale

NEPTUNE BEACH, FLA. — Family Steak Houses of Florida, a 24-unit Ryan's franchisee here, said it has retained an investment banker to assess the possibility of selling the company or pursuing other routes to boost the value of the company's stock.

The company has already fielded "informal" overtures from "more than one party with an interest in acquiring Family Steak Houses," but an actual bid has not been tendered, according to company president and chairman Eddie Ervin Jr.

The restaurant operator holds the exclusive rights to open franchised Ryan's steak houses throughout Florida. The company reported a 28-percent year-to-year decline in new income, to $223,900, for the third quarter.

Arby's awaits appointment of next president

ATLANTA — Franchisees and employees of Arby's Inc. are awaiting appointment of the 2,000-unit sandwich chain's fourth president since September — while speculation continues to mount about the operation's future ownership.

Since the September firing of Leonard Roberts by Victor Posner, whose DWG Corp. owns Arby's, two other presidents have come and gone. They are New York restaurant magnate Irving Riese and onetime franchisee Thomas Cortez.

Meanwhile, two battles for control of DWG and Arby's are continuing. One has moved into the courts, where New York-based Granada Investments has filed suit against Posner to force a sale of DWG for $572 million.

The other is a Roberts-led franchisee revolt in which a reported majority of Arby's operators have joined a group called A.P. Associates, pledging to fight Posner for control of Arby's.

Jeremiah Tower discloses plans for Hong Kong

SAN FRANCISCO — Restaurateur-chef Jeremiah Tower said he and some partners plan to open a restaurant in Hong Kong in December.

Tower confirmed that Hong Kong authorities had granted him and his partners in Free Dragon Ltd. an eight-year lease for a restaurant site atop the Peak, a popular tourist attraction and exclusive residential area on the British-leased territory.

Ted Hiscox, who has worked for Tower at both the Santa Fe Bar & Grill in Berkeley and at 690 in San Francisco, will be a chef at the Hong Kong property. Tower said the new restaurant would serve Chinese, Thai and "tropical" foods similar to those found at 690.

Southland mulls recap to meet debt obligations

DALLAS — Admitting that it may not be able to repay creditors in 1991, Southland Corp., operator of the 7-Eleven convenience-store chain, said it is evaluating a "comprehensive recapitalization" to ease the company's crushing debt.

"We feel it is only prudent to consider financial restructuring alternatives well in advance of the time this cash shortfall should occur," the company said in a prepared statement.

Southland attributed its financial problems to unexpectedly soft sales in the convenience-store market, where an onslaught of new outlets has heightened competition. Intake has undershot the projections drafted by the company before its $4.9 billion management-led leveraged buyout in 1987.

Bush enacts wage hike

WASHINGTON — President Bush has signed the minimum-wage hike into law, leaving the restaurant industry braced for a hike in payroll costs.

On April 1 the pay floor will be lifted to $3.80 from the current level of $3.35. However, the tip credit — the proportion of servers' gratuities that employers can count toward the minimum wage — rises that day to 45 percent from 40 percent.

Under the proposal that Bush signed, the lowest permissible hourly wage would increase to $4.25 on April 1, 1991. At the same time the tip credit increases to 50 percent.

Hilton's price drops after talk of slow sale

BEVERLY HILLS, Calif. — The price of Hilton Hotels Corp. stock nose-dived following reports that a sale of the company or its subsidiaries may not be disclosed until 1990.

Earlier, the lodging operator revealed that it was reviewing "expressions of interest" from "prospective purchasers." It said that the unidentified suitors were eyeing the whole company as well as its hotel operations. Hilton also manages casinos.

A number of speculators dumped their shares after a financial news service quoted a Hilton official as saying that divestiture may not be finalized before Jan. 1.

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NEWS

Operations weather debuts despite earthquake

(Continued from page 3)

apple sauce and sour cream ($4.95); lobster tamales with chili cream ($10.95); and ginger-glazed duck breast with tropical rice, long beans and rutabagas ($15.95).

Before the quake the volume of business at Embarko had been building toward the targeted 480 covers a day at an encouraging rate, Fitzgerald said.

The restaurant was averaging 130 lunch covers daily and serving from 120 to 250 dinners nightly.

Though power and gas service were restored within three days of the quake, customer traffic was practically nonexistent for two weeks and was slow in rebuilding after that, she said.

Fitzgerald estimated that Embarko lost at least $24,000 in sales outright during the time it was closed and a larger sum in reduced sales once it reopened. And while the restaurant is insured for business losses, the policy only returns lost income, which means the restaurant's owners will have to reach into their own pockets to pay the fixed costs normally covered by cash flow, she indicated.

The postquake downturn in traffic, Fitzgerald said, forced management to lay off nearly half the staff.

"I'd say we are about 90 percent back," Fitzgerald reported. She added that staffing levels had also returned to prequake levels.

Fitzgerald noted that she and her partners had revised their first-year sales projections for Embarko downward to $2.5 million as a result of the natural disaster.

But the earthquake has not been all bad news for Fitzgerald, the Leises and some of their investors: Business is booming at the Avenue Grill because Marin County residents, who might normally venture over the Golden Gate Bridge into San Francisco for dinner, are sticking closer to home these days.

"It's too bad both places are not owned by the same company; that would make it easier to keep the investors satisfied," chef La Mancusa remarked of the feast-or-famine situation faced by partners in the Avenue Grill and Embarko.

While Embarko's business soul was scarred by the events, its physical plant suffered little, Fitzgerald said, explaining, "The only thing that happened was that a few tiles lifted."

Over at Opera Plaza, near the city's civic center, Monsoon did not get off so easy.

"We were nearly finished with the restaurant when a hot-water pipe burst on the floor above and unleashed a seven-hour flood," Cost said of quake-related problems.

If the ceiling on the floor above Monsoon had not eventually collapsed, exposing the shut-off valve for the pipe that was spewing the water, workers probably would not have been able to contain the heaviest damage to the bar and private party areas, he indicated.

The water damage forced Monsoon's owners to repaint a third of the restaurant and recarpet half of it, general manager John Henry said. Also ruined, he said, were the electrical system in the kitchen and all the foodstuffs, both raw and prepared, in the walk-ins.

Cost, his staff and the contractors involved were able to make Monsoon functional for the scheduled preopening parties, but the restaurant's public introduction was delayed an additional week while restoration was completed, Henry said.

It is hard to calculate accurately the loss of revenue the week's delay amounted to for Cost and his partners, Henry said.

What is known, he added, is that the restaurant generated $6,000 to $8,000 a day the first week after it opened.

Monsoon also generated considerable positive coverage by local food writers, many of whom were eager to see what type of commercial establishment Cost, a known perfectionist, would create.

Cost said his menu is composed of traditional Chinese dishes that are rarely, if ever, served commercially, and more interpretative foods based on the ingredients and preparation techniques of Southeast Asian countries, including Thailand and Vietnam.

NRN Photo

Monsoon chef Tony Gulisano, right, and co-owner and concept creator Bruce Cost, an author on Asian cooking, in their new Pan-Asian restaurant in San Francisco.

To help him execute his culinary vision, he hired executive chef Tony Gulisano, who was previously with Il Fornaio America Corp.

Gulisano and his kitchen staff use only the finest fresh ingredients and make everything from the chili-infused cooking oil to pickles, Cost stressed.

The controversial author and teacher said he expected Monsoon's approach to cooking to make it a standout because "I think the problem with Chinese restaurants, all of them across the board, is that they cut corners, especially in the area of staple goods."

Found on Monsoon's menu are items such as salad of chicken, white radish and jellyfish with scallion-oil dressing ($7.95); Chinese braised oxtail with radish and star anise ($13.95); and an "antipasto" plate of tea-smoked squab, Sichuan squid salad, pickled cucumber, eggplant, watercress and fresh water chestnut with sesame oil ($10.95).

In a whimsical salute to the West and White Castle "sliders," Cost has concocted "Chinese Hamburgers" consisting of steamed, ginger-seasoned beef patties on a "shaobing," a sesame seed bun, with special sauce and pickles ($6.50 for three).

By the end of the first week of business, Cost said, Monsoon was doing 130 lunches, with a per-person average of about $15, and 140 dinners at $25 to $30 per person.

Cost and Wong, who spent just $150,000 to mold Monsoon from the remains of an attractive but unsuccessful restaurant called Cloisonne, are projecting first-year sales of about $3 million, Cost said.

Even before the quake, the opening team at Splendido's was encountering problems: A construction delay forced management to hold training sessions "on folding chairs on the loading dock" and conduct wine tastings "using plastic beer cups," general manager Sarah Graves said.

According to her, the ground shaking "definitely made things tougher; I lost one of my managers, who is moving back to New York, and a waiter." The quake also slowed the momentum of construction workers, who "had to work on Saturdays and Sundays to get the restaurant open on time," and made it difficult for employees to commute to work, she said.

Though Splendido's was thrown off stride by the earthquake, it is likely to rebound well because of its association with Kimpton's company, which owns or manages some of the city's most successful restaurants, including Kuleto's, Masa's and Postrio.

Nationally acclaimed designer Pat Kuleto's involvement is also likely to generate consumer and media interest.

Splendido's combines Kuleto's vision of a "dwelling" consisting of architectural features from the lands bordering the Mediterranean — including a 1-ton pewter-topped bar from Portugal — and executive chef Christopher L. Majer's "contemporary" rendering of "Mediterranean flavors."

CORRECTIONS

"NRN opens Hot Line for design views," Nov. 20, page 2, transposed two digits in the number for the NRN Hot Line. In fact, it is 1 (800) 678-7711.

* * *

"Chef Szathmary urges creation of journeyman training program," Nov. 13, page 4, contained several factual errors.

The first name of Lewis J. Minor, founder of L.J. Minor Corp., was misspelled as Louis.

The date that the U.S. Labor Department reclassified executive chefs from domestics to professionals was incorrectly given as 1979. In fact, it was 1977.

The date of a speech by Louis Szathmary, formerly of The Bakery restaurant in Chicago, to an American Culinary Federation convention was incorrectly reported as 1977. In fact, it was 1974.

The honor given to Minor, Szathmary and John D. McLaughlin, former president of L.J. Minor Corp., was incorrectly reported as the first Chef Professionalism Awards.

In fact, the first Chef Professionalism Awards are scheduled to be given out next year. Minor, Szathmary and McLaughlin were honored by a plaque titled "Three Who Helped Gain Professional Status for American Executive Chefs."

In addition, the article omitted the names of ACF officials also honored by the plaque: Richard Bosnjak, Ferdinand Metz, Edwin Brown and Jack Braun.

* * *

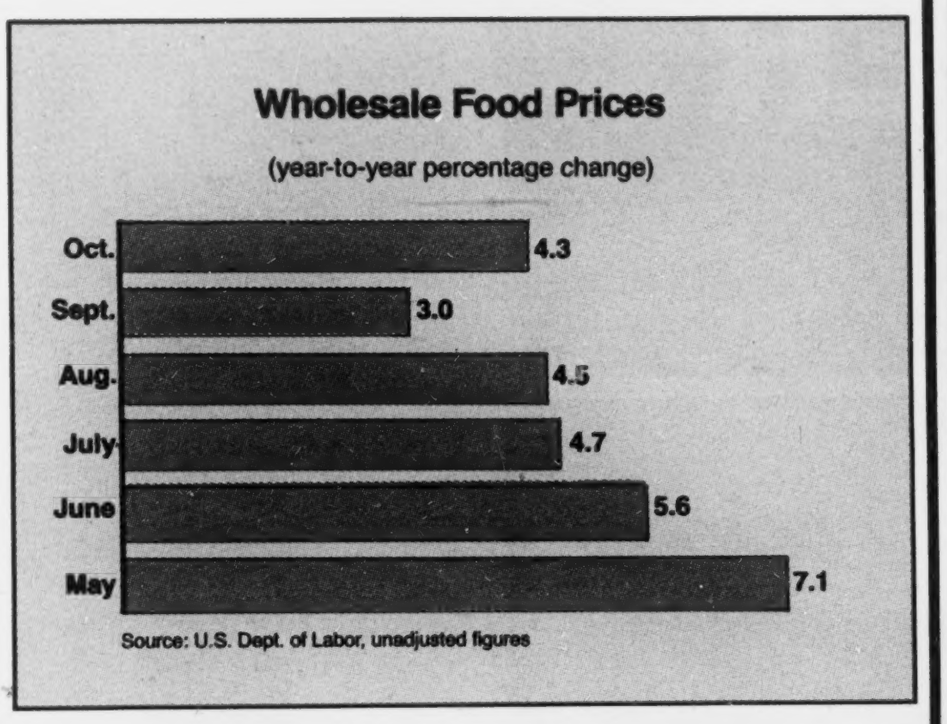
"Perkins Turnaround Leads to Expansion Drive," Nov. 6, page F14, was unclear about the ownership and management control of the chain. The article said it is owned by Tennessee Restaurants Co., which shares control with Perkins Family Restaurants L.P.

In fact, the chain is owned by Perkins Family Restaurants L.P., which is 50 percent owned by Tennessee Restaurants Co. and 50 percent owned by public investors. The chain is managed by Tennessee Restaurants Co. through a wholly owned subsidiary, Perkins Management Co. Inc.

FINANCIAL NEWS

Food costs post steady gain with 4.3% increase in October

by Milford Prewitt



WASHINGTON — Wholesale food prices held a moderate 4.3 percent year-to-year advance in October despite topsy-turvy rises and falls in the price levels of some major food categories, the U.S. Labor Department reported.

Pork, eggs, and dairy products continued double-digit price increases while turkey, processed young chickens, and fish slid the other way.

Economists do not believe the 4.3 percent rise signals a resurgence in what had been a generally inflating producer price index through most of the year.

In September, unadjusted producer prices of finished consumer foods rose less than 3 percent on a year-to-year basis — the lowest increase in six months — but were as high as 7.1 percent in May and 7.5 percent in March.

So far, in 1989, the PPI has risen at an annual rate of 5.2 percent, compared with a 4 percent increase in all of 1988.

Economists attribute the October price rise to increases in the early months of the year and oversupply commitments to food processors.

Pork led all food categories with a 15.7 percent increase in price, partially attributed to McDonald's voracious demands for the meat in rolling out the McRib sandwich to 8,000 restaurants.

McDonald's will require 20 million pounds of the nation's 320 million pound weekly pork slaughter, analysts said. But some economists are not certain if McRib alone is responsible for the surge in pork prices.

Bob Brown, an economist for Wilson's Foods, a major pork producer in Oklahoma City, said unlike previous industry patterns, 1989 has witnessed a disruption in the historic seasonal demand and supply pattern that has marked the pork industry.

"Typically, demand dropped during the summer and increased in the fall and it was always the fall when producers increased production in anticipation of the holidays," Brown said. "This year, that [increased production] has not happened even though demand is still strong.

"Production reached its peak in September and has been declining ever since."

Moreover, Brown noted that imports from Canada and Europe have slumped, contributing to the price rise.

Another food category rising as a result of too little production facing increasing demand is in the dairy segment, up by 11.1 percent.

Ed Coughlin, an economist for the National Milk Producers Federation, attributed the increase to cheese, butter and other food processors high demand for nonfat dry milk.

Coughlin believes a relaxation of export contracts to Mexico and the return to the United States from Germany of thousands of tons of dry milk — which the Germans were stockpiling in the event of nuclear war — will soften prices through the balance of the year.

One of the surprising food categories to soften in the most recent PPI was young processed chickens and turkey. In the case of the former, prices dropped 10.2 percent and 15 percent in the latter.

Ralph Parlett, an economist for the Agriculture Department, said chicken and turkey prices are slackening due to increased production capacity.

He said producers expanded capacity between 5 percent to 6 percent during the year to satisfy the demands of the large fast food chains that have added chicken products to their menus. Although demand is keeping apace with supply, demand has not been strong enough to trigger price rises.

Parlett noted that the price of broilers has dropped 22 percent year-to-year even though demand has remained strong.

"It's a case of supply catching up with demand," Parlett said.

Increased production is playing a role in the easing of turkey prices as well, Parlett noted.

Turkey producers have developed new turkey products, namely lunch meats, and have marketed the meat as a year-round bird rather than for special occasions.

Parlett further noted that turkey is also perceived as a low-cholesterol meat, an image that pressured manufacturers to gain market share at the expense of other meats.

FOOD PRICE OUTLOOK

Lettuce prices fall after strike ends

by Patt Patterson

Lettuce prices fell as workers returned to Bud of California fields in California and Arizona, following the settlement of a two-week strike at one of the nation's largest lettuce growers.

Reports of serious insect infestations in lettuce fields in Blythe, Calif., however, could mean higher prices in the late fall through early winter. Growers have asked state officials for an exemption on the use of a pesticide to combat the infestation.

Lamb and mutton inventories are down sharply from a year ago. Although production was up slightly and imports up strongly, demand is running ahead of available supplies. Expect prices to remain strong, possibly climbing prior to the spring lambing.

Despite still ample pork belly inventories, prices are up nearly 60 percent from last year at this time, and bacon prices have reflected the higher costs.

Pork prices are up about 15 percent over last year at this time, with no signs of an immediate letup.

Watch for higher frozen spinach prices. An average California fall pack won't be enough to rebuild inventories to normal levels.

U.S. frozen strawberry stocks are tight, with many packers selling only against prior bookings. Hope is high for a good Guatamalan crop (about January) and strong shipments from Mexico (late February). But these depend upon good weather and water availability.

Egg prices remain high, and there is no sign of immediate letup.

Broiler prices are running about even with last year about this time.

Green coffee bean prices are up a bit, but still hover in the low 70 cent range, at the lowest level in years.

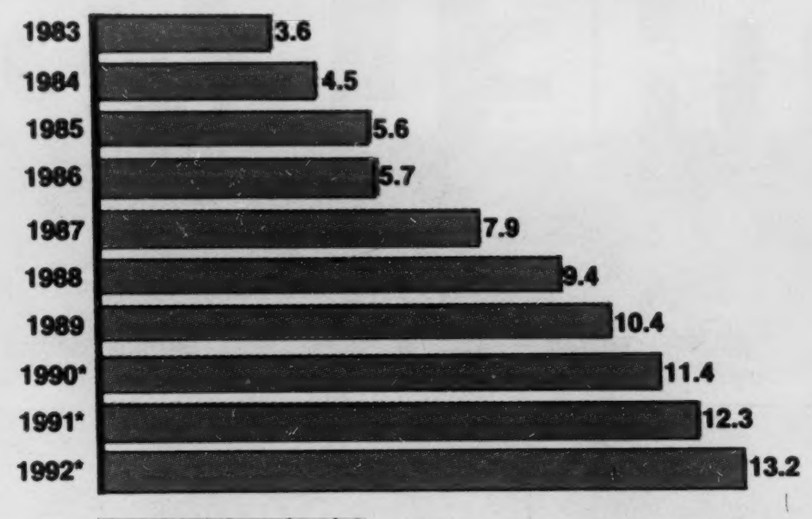
World cocoa prices are down to about half of what they were last year at this time. Price drops should show up in chocolate and chocolate-based confections.

NRN FACT FILE

A look at the statistics shaping the industry

Larger market share brewing for gourmet coffee

(total share of coffee market, in percentages)



FINANCIAL DIGEST

Oct. industry sales up 2.9 percent

WASHINGTON — Sales growth at the nation's restaurants and bars softened in October amid weak consumer retail spending, the U.S. Commerce Department said in its earliest gauge of the month's retail trade activity.

Sales grew 2.9 percent in October over the year-ago level, the slowest rate so far this year.

October's 2.9 percent gain followed a 4.6 percent pace in September and a 3.8 percent rate in August.

Taco Viva changes name to QSR, Inc.

FT. LAUDERDALE, Fla. — The operators of the Taco Viva chain have changed the name of the company to QSR, Inc. for Quick Service Restaurants and will begin trading its stock on NASDAQ under the symbol QSRI.

The company announced the name change in its first quarter operating report that disclosed a 7.8 percent drop in sales during the reporting period, but which did not discuss net income.

For the sixteen weeks ended September 17, 1989, sales totaled $4.6 million, a drop from the year-ago level of $5 million.

The company attributed the sales decline to start-up costs associated with Mr. Submarine shops.

QSR operates about 50 Taco Viva units in Florida and has been converting some of them into Mr. Submarine outlets.

Consolidated reports 24% income gain

INDIANAPOLIS — Consolidated Products, operators of the Steak n Shake restaurant chain, reported net income jumped 24 percent for the year ending Sept. 27 to $4.3 million on a 7-percent revenue gain to $99.8 million.

The company said same-store sales increases accounted for the improvement in profit and revenues.

Sandwich Chef posts 35% increase

BIRMINGHAM, Ala. — Sandwich Chef Inc. reported a 34.7 percent increase in first quarter profit to $165,000 on sales of $8.9 million. The sales volume represented a 4.5 percent jump over year-ago levels.

The company said same-store sales rose 4.3 percent in the quarter as a result of newer units and the attraction of remodeled outlets. The boost represented the seventh consecutive quarter same-stores sales have improved.

Sandwich Chef operates a string of 139 delicatessen-style sandwich shops under a variety of trade names including R.C. Coopers, Wall Street Deli, La Prima, Deli Fresh Express and Hudsons.

Canada warns against poison pill

OTTAWA — The Canadian government warned Canadian companies against the increasing use of poison pill defenses to thwart takeovers that infringe on the rights of their shareholders.

Frederick Sparling, director of business concerns, said he was particularly concerned about private share placements that involved commitments by the buyers of the shares to support the existing management.

He said corporations would be "taking a chance" in completing such a transaction without approval of their shareholders. He said an "oppression action" could be taken against the offending corporation by either his office or by shareholders.